

Ordinance No. 6-06 ORDINANCE To amend Chapter 22, "Taxation," of the Rockville City Code so as to amend Article III "Local Supplement to the State Homeowners Property Tax Credit" to establish criteria for eligibility and calculation for the homeowners tax credit

WHEREAS, Section 9-215.1 of the Tax-Property Article of the Annotated Code of Maryland authorizes a municipality to grant a local supplement to the Homeowners Property Tax Credit Program; and

WHEREAS, by Ordinance No. 6-05, the Mayor and Council established a local supplement to the State Homeowners Property Tax Credit in the amount of 35% of the State Homeowners Property Tax Credit; and

WHEREAS, Chapter 444, Acts 2006 has been enacted amending the provisions of Section 9-215.1 of the Tax-Property Article of the Annotated Code of Maryland so as to authorize a municipality to set its own criteria for eligibility, including assessment values, net worth, and income levels for purposes of calculating the credit of the local supplement; and

WHEREAS, by this Ordinance, the Mayor and Council desires to provide for an enhanced local supplement to the Homeowners Property Tax Credit Program and to establish new calculation and eligibility criteria for the program so as to provide additional tax relief from City property taxes for low income and other homeowners who qualify for the City's homeowners property tax credit.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF ROCKVILE, MARYLAND, as follows:

SECTION I. That Chapter 22 of the Rockville City Code, entitled "Taxation" be amended by amending Article III as follows:

CHAPTER 22. TAXATION

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ARTICLE III. LOCAL SUPPLEMENT TO THE STATE HOMEOWNERS PROPERTY TAX CREDIT

Section 22-20. Tax Credit.

A homeowners property tax credit shall be allowed against the City property tax imposed on residential real property if the owner qualifies for the credit under this Article.

Section 22-21. Definitions.

[The following words, terms and phrases when used in this Article, shall have the meanings ascribed to them in this section:] Except as otherwise provided herein, the terms used in this Article shall have the same meaning as set forth in Section 9-104 of the Tax- Property Article of the Annotated Code of Maryland.

[(a) “Eligible homeowner” means a taxpayer within the City who has qualified for the State of Maryland Homeowners Tax Credit Program established pursuant to Section 9-104 of the Tax-Property Article of the Annotated Code of Maryland, as amended (hereinafter referred to as the “State homeowners property tax credit”).]

(b) *Assessed value* means the adjusted value to which the property tax is applied.

(c) *Director* means the Director of the Department of Finance for the City of Rockville or the Director’s designee.

(d) *Final Tax liability* means the tax liability for any property tax on the property of a dwelling less any property tax credit provided under Section 9-104 of the Tax-

Property Article and any supplemental homeowners property tax credit provided under this section and any property tax credit provided by Montgomery County.

(e) Section 9-104 means Section 9-104 of the Tax-Property Article of the Annotated Code of Maryland or any successor provision.

[(b)] (f) “Taxable year” means July 1 to June 30, both inclusive, for which the City computes, imposes and collects real property tax.

[(c)] (g) *Total Eligible City Real Property Tax* means the sum of all City real property tax[es] rates [for which an eligible homeowner has] used to calculate the property tax liability for a homeowner for a taxable year, including property tax rates in special taxing districts, [but does not include] excluding City special assessments and charges, such as for stormwater, refuse and the like, or interest and penalties on overdue real property taxes, multiplied by the lesser of:

(1) \$300,000; or

(2) the assessed value of the dwelling reduced by the amount of any assessment on which a City property tax credit is granted under Section 9-105; and

reduced by any “save harmless” credit mandated under Section 9-101 of the Tax-Property Article of the Maryland Code.

Section 22-22. General.

(a) The Director shall provide to eligible homeowners a City property tax credit as provided in this Article to supplement the State homeowners property tax credit granted under Section 9-104.

(b) Except as otherwise expressly stated in this section, all eligibility requirements, statutory definitions, restrictions, application or other procedures which apply to the credit granted under Section 9-104 of the Tax-Property Article of the Annotated Code of Maryland also apply to the City homeowners property tax credit provided for in this Article.

[Section 22-22] Section 22-23. Amount.

(a) A homeowners tax credit local supplement shall be allowed to eligible homeowners against the total City real property tax paid by the eligible homeowner for the taxable year in which the homeowners tax credit local supplement is sought in the amount provided for herein.

[(b) The amount of the homeowners tax credit local supplement shall be equal to thirty-five percent (35%) of the eligible homeowner's State homeowners property tax credit for the taxable year in which the homeowner's tax credit local supplement is sought.]

(b) The amount of the homeowners property tax credit is the Total Eligible City Real Property Tax on a dwelling less:

- (1) the percentage of the combined gross income of the homeowner calculated under paragraph (c), and
- (2) twenty-five percent (25%) of the State homeowners property tax credit granted under Section 9-104 of the Tax-Property Article of the Annotated Code of Maryland.

(c) The allowable percentage of combined gross income is:

- (3) 0% of the first \$30,000;

(4) 2% of the next \$30,000;

(5) 3% of ~~[[any]]~~ combined gross income over \$60,000.

(d) The property tax credit for home purchasers is the amount of the credit as calculated under paragraph (b) multiplied by a fraction where the numerator of the fraction is the number of days in the taxable year that the home purchaser actually occupies or expects to actually occupy a dwelling in which the home purchaser has a legal interest, and the denominator is 365 days.

(e) If a credit is granted under this section, a revised tax bill or a tax voucher may be used to adjust the final tax liability.

~~[(c)]~~ (f) Notwithstanding the foregoing, the amount of the homeowners tax credit local supplement authorized by this [section] Article shall not exceed the total City real property tax [paid by] liability of the eligible homeowner for the taxable year in which the homeowners tax credit local supplement is sought.

~~[Section 22-23]~~ Section 22-24. Administration.

The City Manager is responsible for the administration and management of the [City's Local Supplement to the State] Homeowners Property Tax Credit program. The City Manager may take all actions necessary in furtherance of said responsibility including, but not limited to,

- (1) establishing policies and procedures;
- (2) delegating responsibility to appropriate City departments, offices, and staff;
- (3) entering into agreements with the State Department of Assessments and Taxation, Montgomery County, Maryland, and other governmental

entities or other persons or entities for the operation and/or maintenance of one or more aspects of the [City's Local Supplement to the State] Homeowners Property Tax Credit program.

Section 22-25. Penalties for false and fraudulent information.

A person who knowingly submits a false or fraudulent application, or withholds information, to obtain tax credit under this section has committed a misdemeanor. In addition, the person must repay the City for all amounts credited and all accrued interest and penalties that would apply to those amounts as overdue taxes. The City may enforce this subsection by appropriate legal action. A person who violates this subsection is liable for all court costs and expenses of the City in any civil action brought by the City against the violator.

SECTION II. That this ordinance shall become effective on June 30, 2006 and shall apply to tax years beginning after June 30, 2006.

NOTE: [Brackets] indicate material deleted
Underlining indicates material added
Asterisks * * * indicate material unchanged
[[Double Brackets]] indicate material deleted after introduction.

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I hereby certify that the foregoing is a true and correct copy of an Ordinance adopted by the Mayor and Council at its meeting of June 5, 2006.

Claire F. Funkhouser, CMC, City Clerk

